



CALPEEK

CALIFORNIA POLITICAL WEEK

P.O. BOX 1468, BEVERLY HILLS, CA 90213 (310)659-0206 FAX(310)657-4340
Dick Rosengarten, Publisher E-Mail calpeek@aol.com

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CAMPAIGN 2000: THE RUN FOR THE WHITE HOUSE.

Editor's note: The selection of a VP by any presidential nominee is the *1st major decision* by that individual and says tons about that person's vision and where he/she would take the country. Texas Gov. George W. Bush has picked former DOD Secretary Dick Cheney of Wyoming as his GOP running mate. Here's our update, analysis & commentary...

...Cheney's selection wasn't leaked, but was discovered by NBC-TV News (a nice scoop) when Cheney re-registered in his home State of Wyoming. Cheney had been working and living in Dallas and was registered to vote there. The U.S. Constitution bans the president and VP being from the same State. Reaction to Cheney in Calif. is generally favorable among GOP insiders, but it's **not** the thrilling kind of VP nominee some had hoped for. Many Calif. GOPers were hoping Bush would do something dramatic/gutsy and pick U.S. Sen. John McCain of Arizona. Insiders insisted that a Bush/McCain ticket would have been an easy winner over Demo VP Al Gore. But McCain isn't a team player and could have *upstaged* or *overshadowed* Bush. And also remember this: the Bush vs. McCain primaries were nasty...

...Back to Cheney. John McGraw, CA Republican Party chair, used 3 words to describe Cheney at a July 25th press briefing: honesty, integrity and leadership. McGraw said Cheney would help Bush put together a great leadership team once elected to the White House. As for what Cheney will do for Republican candidates in Calif., that's not clear, but probably not much...

...Even though Cheney comes across as mild and moderate, and indeed he probably has mellowed somewhat since his days in congress, Demos say his voting record in the U.S. House was very conservative: anti-abortion, pro-gun and anti-environment. Demos are already hammering away at Cheney's record and these positions won't sit well with GOP moderates. Some sources say Bush's selection of Cheney amounted to giving the moderates a *digital salute*. Still Cheney gets very high marks for his role in the Gulf War as Secretary of Defense. And he could easily step into the presidency, should that become necessary. In other

words, he provides the savvy DC experience which Bush lacks. All in all, a safe pick for George W which will bring smiles to the GOP's conservative voting base...

...So now that it's Bush/Cheney on the GOP side, where does this leave Demo VP Al Gore? Forget Bill Bradley. He endorsed Gore, but that's as far as it will go. Gore's list probably includes former U.S. Sen. George Mitchell of Maine; U.S. Senators Joe Lieberman of CT; John Kerry of MA, Bob Kerrey of NE; Bob Graham of Florida; & Evan Bayh of Indiana; and North Carolina Gov. Jim Hunt. Gore is playing this VP game close to his vest. Our guess: Gore goes South or Midwest with Graham, Hunt or Kerrey...

...FYI: The latest private poll making the rounds comes from GOP pollster Steve Kinney of Public Opinion Strategies. A July 18-20 survey of 600 likely Calif. voters shows Gore 38%, Bush 36%, 12% undecided. Among 3rd party candidates, the Green Party's Ralph Nader is at 5% and Pat Buchanan at 1%. 4% named someone other than these candidates and 4% refused to answer. Stay tuned...

DEREGULATION OF CA UTILITIES: A PUBLIC POLICY SCREW UP OR JUST A SUPPLY & DEMAND THING???

Editor's note: The one story which dominates the news in Calif.'s 2nd largest city is the skyrocketing electric bills paid by San Diego Gas & Electric Co. consumers. Not only were temperatures hot, so were voters. This consumer nightmare in San Diego also has hit SDG&E customers in southern Orange Co., but won't hit the rest of the state with a doubling of electric bills until late 2001 or early 2002. Here's our update & analysis...

...This is a story which has both *political* as well as *public policy* overtones. During most of 1997, the Calif. utility and power industry was at the bargaining table in Sacto with consumer groups as the two sides worked with State Senators Steve Peace(D-El Cajon) and Jim Brulte(R-Rancho Cucamonga) to hammer out SB 1890. This is Calif.'s *energy deregulation law*, which applies to most utilities in Calif. *except* muni-owned outfits such as SMUD, East Bay MUD and the LADWP. And this law paved the way for the selling

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of \$6 billion in bonds to assist in the deregulation. But in 1998, some environmental and consumer groups (*The Utility Reform Network*, as well as a key Nader group led by Harvey Rosenfield), launched Prop. 9, to overturn SB 1890. After spending \$40 million, Prop. 9 was crushed by the utility companies, with 73.5% against...

...From a public policy point of view, the aim of deregulation is solid. The devil is in the details. In this case, the reason why SDG&E electric bills skyrocketed from an average of about \$50 per month to more than \$100, is because there was an excess in demand for power and not enough supply. This supply/demand problem has been present in Calif. for some time, but really took off when the State's economy began to boom, led by the high tech sector which uses huge amounts of energy. But think about this: for the past 20-30 years, Calif. utilities have NOT built any new energy plants in Calif. Too costly in a regulated market. That was one reason the CA Legislature voted without opposition to SB 1890...

...So what's the solution? Peace, who is catching all kinds of hell in San Diego, says deregulation is too new and says there are short term problems. But in the long term, Peace believes dereg will benefit the public. Right now there are 5 energy plants under construction in Calif. – and another new plant on the Calif./Arizona border. Of the 6 plants under construction, Calpine Corp. is building 4. Since 1999, the Calif. Energy Commission has had 25 applications submitted for new plants (and only 5 are under construction). The process to get permission requires 6 months of study; a 1 year environment impact review(EIR); and if there's no objections, then 18-24 months of construction, with an average cost of about \$500 million per plant. Three new plants will come on line in 2001 and another 3 in 2002. Not enough considering what's needed, but they will help...

...Why the slow pace? Prop. 9 caused a one year delay because of uncertainty, according to our sources. One solution: Gov. Gray Davis(D) should use a cattle prod to get the CA Energy Comm. and staff moving at a faster pace. This supply and demand thing could be a big issue in 2002, when Davis faces voters once again...

...FYI: Calpine wants to build a new energy plant in the San Jose/Silicon Valley area. The Silicon Valley Mfg. Group and the CA Chamber, plus some other local outfits are all in favor. But Cisco Systems, one of the new and powerful high tech companies, has joined forces with some local NIMBY groups to oppose the Calpine proposal. And on June 13th San Jose Mayor Ron Gonzales came out against Calpine, saying no new plant is needed. On June 15th there

were rolling brown-outs throughout the S.F. Bay area. Hummmm. The San Jose Council votes on this project in October. Stay tuned...

CAMPAIGN 2000: FEINSTEIN CONTINUES TO LEAD CAMPBELL IN U.S. SENATE REELECTION CONTEST.

Editor's note: U.S. Sen. Dianne Feinstein(D) continues to hold a significant lead over her GOP challenger, U.S. Rep. Tom Campbell of San Jose, in a new poll. But that's only part of the bad news for Campbell. Here's our brief update and analysis...

...The polling data first. KTVU-TV in San Francisco shows Feinstein at 57% vs. Campbell at 34%, with 9% undecided. The survey was conducted by Research 2000, among 827 registered voters, July 17-19. Among women voters, there is a monster gender gap: DiFi 65% vs. Campbell 24%. The most current Field Poll shows DiFi 58% vs. 32% for Campbell. That poll is a month old...

...Lots of news about this U.S. Senate contest. Two of the most recent stories in the L.A. Times were not only favorable for Feinstein, but rather negative for Campbell. One story by Greg Krikorian (July 24) documents many of the votes Campbell has missed because he's been busy campaigning...

...According to the story, since January, the San Jose congressman has missed 53% of 428 floor votes in the U.S. House. Among the votes he missed was the July 12th GOP sponsored bill to reduce the marriage penalty tax. DiFi voted for it when it hit the U.S. Senate floor, crossing party lines. She also voted for the GOP bill to phase out the inheritance tax. Both very smart votes by DiFi...

...Back to Campbell's absenteeism. It's tough to campaign against a popular incumbent like DiFi, but when you miss as many votes as Campbell did, he's going to pay a price. DiFi lead consultant Bill Carrick, whose firm ran Chuck Schumer's successful NY U.S. Senate race against Al D'Amato, told Calpeek absenteeism hurt Schumer at a time when Sen. D'Amato was way down in the polls. When the absenteeism surfaced as an issue, D'Amato erased much of Schumer's lead. Bet your first born Carrick has an ad already on the drawing board about Campbell's missed votes...

...FYI: During a July 25th press briefing, Calpeek asked CRP Chair John McGraw what role, if any, Campbell would play at the upcoming RNC convention in Philadelphia. "I just don't know," said McGraw. The follow-up question by the S.F. Chron's Carla Marinucci really said it all: If he's the GOP U.S. Senate nominee against Feinstein, why doesn't he have a set role? No answer. Calpeek called the Campbell

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HQ and found out that while he'll be at the RNC convention, he hasn't even asked for 2 minutes of podium/tv time. He'll try to raise \$\$\$ instead. Stay tuned...

CAMPAIGN 2000: UPDATE ON U.S. HOUSE CONTESTS.

Editor's note: Here's an update on the 4 key U.S. House contests which Calpeek is covering...

☒ **15th CD** – This is the Silicon Valley/San Jose area seat now represented by U.S. Rep. Tom Campbell(R), who is running for the U.S. Senate. The GOP nominee is Assemblyman Jim Cunneen, while the Demo is Assemblyman Mike Honda. In the Mar. 7th primary, Honda, who had a tough primary, finished ahead of Cunneen, who had *lite* opposition. Honda got 39% vs. 33% for Cunneen. Now both sides have *competing polls*. Honda's poll was taken June 9-13, among 482 likely voters. The poll was done by Garin Hart Yang. The Cunneen poll was taken June 14-15 among 221 likely voters. The poll was done by Public Opinion Strategies...

	<u>Honda Poll</u>	<u>Cunneen Poll</u>
Honda	40%	32%
Cunneen	33%	36%
3 rd party	9%	
Undec.	18%	

...In the Garin Hart Yang survey, they show U.S. Sen. Dianne Feinstein leading Campbell by a 51% to 41% margin. Remember: this is Campbell's home CD. The GHY poll also claims Demo VP Al Gore leads GOP TX Gov. George Bush in the 15th CD, but they don't give any numbers. In the POS survey, Bush leads Gore by a margin of 41% to 36%. In the battle over cash, here's how the two match up:

	<u>Total Raised</u>	<u>Cash On Hand</u>
Honda(D)	\$800,000	\$203,000*
Cunneen(R)	\$617,000	\$405,000

* Honda also has a debt of \$201,000 left over from the primary.

☒ **27th CD** – Incumbent U.S. Rep. Jim Rogan(R) has raised almost twice as much as Demo State Sen. Adam Schiff, but when you look at cash on hand, they're pretty close. In what could turn out to be the *most expensive* U.S. House race ever, here's how things look:

	<u>Total Raised</u>	<u>Cash On Hand</u>
Rogan(R-Inc)	\$4,590,163	\$1,168,426
Schiff(D)	\$2,887,004	\$1,104,680

...In the primary, Schiff finished in front of Rogan by a 49% to 47% margin and from that point on most insiders rated the race a toss up. However, the influential Congres-

sional Quarterly now says the 27th CD "leans Demo." Both Rogan and Schiff are on tv (and have been for some time). There's an independent expenditure tv ad paid for by the AFL-CIO going on right now for Schiff --- blasting Rogan on his *prescription drug* vote. And in the endorsement game, Schiff won the backing from the Armenian National Committee(ANC-PAC). There are about 100,000 Armenian Americans living in the Glendale/Burbank/Pasadena area...

☒ **36th CD** – Freshman incumbent U.S. Rep. Steve Kuykendall(R) has fallen behind former Congresswoman Jane Harman(D) in the fundraising game, but bet your first born that in the end, both sides will have everything they need to be competitive. Here's what it looks like:

	<u>Total Raised</u>	<u>Cash On Hand</u>
Kuykendall(R-Inc)	\$1,136,284	\$543,024
Harman(D)	\$1,205,085	\$850,184

...The Calif. Demo Party began funding an IE tv ad for Harman as Calpeek hit deadline. FYI: Julie Wong has been hired by Harman as a deputy cmp. mgr. Sean Sinclair is Harman's cmp. mgr. Wong was a press secretary for U.S. Sen. Barbara Boxer before leaving that job to work for Bill Bradley's Calif. presidential campaign...

☒ **49th CD** – This is the battle between incumbent GOP U.S. House Rep. Brian Bilbray and Demo Assemblywoman Susan Davis of San Diego. At one point this race leaned toward Bilbray, but a new poll by KGTV-Chn. 10, taken July 9-10 among 500 likely voters, shows the contest as a dead heat: 44% each. In the primary, Bilbray got 50.8% to Davis' 46%...

...In the fundraising department, here's how it looks:

	<u>Total Raised</u>	<u>Cash On Hand</u>
Bilbray(R-Inc.)	\$1,194,452	\$909,307
Davis(D)	\$1,231,842	\$829,495

CAMPAIGN 2000: CALIFORNIA INITIATIVE UPDATE.

Editor's note: Lots of news to report, especially concerning Prop. 38 – the school voucher initiative. Here's our update and analysis...

● **Prop. 38** – This is Tim Draper's school voucher initiative, which is already up on TV statewide with a first flight of advertising. The buy, according to Calpeek sources, is said to be substantial. The ad has a kind of soft touch, using kids, with a *voice over* pounding on Calif.'s public schools. There's little doubt Draper's overall theme will be to beat up on public schools...

...As for NO on 38, they too are on tv with two ads. Their first :30-sec. ad uses Calif. Gov. Gray Davis and the second :30-sec. ad features Lt. Gov. Cruz Bustamante. This ad is running on Spanish language tv. The overall buy is about \$3 million – which is less than the YES side's first flight. The NO on 38 ads were put together by consultant Bob Nelson, who was the lead consultant against vouchers in 1993, and John Franzen, who did the creative work. Morris & Carrick handled the media buy and Bill Carrick is aboard the NO on 38 side providing strategy...

...FYI: The Howard Jarvis Taxpayers Assn. has come out *against* Prop. 38 – and Draper is not a happy camper over this negative endorsement because HJTA has clout...

◆ **Prop. 36** – A *coup* of sorts as actor Martin Sheen, who plays President Josiah Bartlet on NBC-TV's *West Wing*, has taken a leading role *against* Prop. 36 by becoming the NO on 36 honorary chair. Prop. 36 is the Drug Decriminalization initiative. "Certainly we need to do everything possible to improve drug treatment in Calif., but this dangerous initiative undermines that effort," Sheen said. And he noted that the initiative could have a "devastating" impact on Calif.'s very successful drug courts...

◆ **Prop. 34** – This is State Senate Pres. John Burton's Campaign Reform measure. In our last edition of Calpeek, we asked the question: what will millionaire Max Palevsky do? Remember, Palevsky pumped \$1 million into the Prop. 25 campaign in March. Our sources say Palevsky is in support of Burton's measure. And our sources also report that Prop. 25 co-author, GOP hi tech businessman Ron Unz, also supports Prop. 34 – although somewhat reluctantly, our sources say. Stay tuned...

DOG DAYS OF SUMMER: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Trouble at L.A.'s Demo Convention** – On a scale of 1 to 10, with 10 being the mostly like to happen, virtually all of Calpeek's political insiders rate the odds of *big trouble* at 10+ at the DNC presidential convention at Staples Center in downtown L.A., Aug. 14-17. The protesters keep yelling about 1st Amendment rights, but DNC delegates have rights too – to gather safely, without threats or intimidation. U.S. Judge Gary A. Feess' statement that "Convenience can never predominate over the 1st Amendment" sounds great, but in reality the DNC delegates will see and hear all the protests. In this age of the *spindustrialmedia* complex, a protester doesn't need to be two inches away from a delegate to be heard...

■ **GOP Primary Voters** – In a July 25th press brief, CA Republican Party Chair John McGraw, in response to a question from Calpeek, said he would urge CRP delegates attending the State's GOP convention in Palm Springs (Sept. 15-17) to adopt rules which will *allow decline to state* voters to cast ballots in GOP primaries. Very interesting...

■ **U.S. Rep. Martinez Switches to GOP** – Congressman Marty Martinez of Monterey Park, who was elected to the U.S. House 18 years ago as a Demo, is now a Republican. He switched July 26th. Why? POed over lack of Demo support in his bitter primary battle with State Sen. Hilda Solis. Solis mashed him and this is his revenge...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● Gov. Gray Davis has named Steven Maviglio as his new press secretary. Maviglio, 41, was communications director for U.S. Rep. Rush Holt(D-NJ). Hilary McLean is the chief deputy press secretary, while Roger Salazar is now a deputy press secretary...

● The L.A.-based law firm of Manatt, Phelps & Phillips has been selected by the Demo Nat'l Convention Cmt. as the DNCC's law firm for the convention. Lisa Specht will be the firm's key liaison with the DNCC...

● The Field Institute has moved to 222 Sutter St., #200, San Francisco, CA 94108. ☎(415)781-4921...

● L.A. Co. Sup. Zev Yaroslavsky will be without the services of Kevin Acebo until after the election. Acebo, a former Willie Brown staffer, has been tapped to head the Calif. Demo Party's *Coordinated Campaign*...

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